

Consumer Protection Law— Internet Scams

Presenter:

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Iowa Attorney General

Consumer Protection Division

Role of the Attorney General

- Filing civil lawsuits and criminal charges on behalf of the State
- Defending the State in lawsuits
- Advocating change
- Advising state office holders and agencies
- Training prosecutors
- Assisting the public



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Role of the Consumer Protection Division

- Stopping deceptive and unfair practices by:
 - filing civil lawsuits and criminal charges
 - educating the public
 - working with other states and federal agencies
 - advocating public policy changes via legislation and comment



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Reaching the public

- Consumer complaints
- Consumer Advisories
- News releases
- E-mail, Web site
- Public presentations



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Law Enforcement

- Criminal - theft by deception, attempted theft by telemarketing
- Civil - too numerous to list, primary laws enforced are Consumer Fraud Act and Consumer Credit Code
- Federal civil statutes - Telemarketing Sales Rule, Odometer Law, Telephone Consumer Protection Act



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Recent Areas of Emphasis

- Predatory lending – auto and home
- Telecommunications/Telemarketing
- Identity theft/Privacy



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- Traditional scams on the web
 - health fraud
 - work-at-home schemes
 - 📁 including selling on the Internet
 - business opportunities
 - pyramid schemes
 - investment schemes
 - credit repair



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- Natural Cancer Cure
- **HERE IS THE BIGGEST STORY IN**
- **NATURAL MEDICINE :**
- **YOU CAN DEFEAT CANCER!**
- If you or a loved one has Cancer, you are lucky to be here .
- The breakthrough natural cancer cure!!
- **AMAZING BUT TRUE!**
- Proven breakthrough effectively CURES CANCER!
- This treatment is so effective it KILLS cancer cells 100% of the time with NO sideeffects. And it fights cancer ANYWHERE in the body.
- Too good to be true? You won't think so when you hear how this treatment works. It's rock solid and makes sense, even if you have never had a day of medical training.
- This breakthrough treatment is used in Mexico but is NOT ALLOWED in the United States. Why? The average hospital bill for treating cancer ranges from \$250,000 to almost a million dollars. This could well be information the medical industry can't afford to let you hear about.
- The major breakthroughs in this area will ASTOUND you.
- Everyone NEEDS this information.
- [Read More](#) on this breakthrough natural cancer cure.
- © Natural Cancer Cure Report



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- **Now 1,000's of people are copying what he did!**
Here's his story of success along with Free Access to the Business Survey that 1,000's of people are using to get similar results!

"Shortly after Christmas about 5 years ago, I was downsized from my corporate job. **Two days later, I answered a HomeBusinessConnection ad** and found a company that fit me perfectly. I started **part-time** working only 10 hours per week. My first month I made \$700. The next month I did even better. . . **\$2,800.**

"From there, **my income grew every month.** In less than 5 years, I joined the elite '**Millionaire's Club**' with my company. Now I have the time I always wished for - time to watch my daughter do her cheerleading and time to play golf with my son. . .all while most people are working in a job!"
- **For a Limited Time - Take the same HomeBusinessConnection.com Survey as Larry and 1,000's of others - for FREE!**

Fill out the survey to the right and be matched with 5 home businesses that can help you change your income forever!



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- It's funny. We've taken a look at almost every credit repair company on and off the net, and not to our surprise, they'll charge you as much as \$500 or \$600 on average to "attempt" to repair your credit. (*Some even past a \$1,000.*) Sounds harsh, but it's reality.
- Because the truth is it's worth that, honestly it's worth twice that. Imagine every month paying \$200 **less** on your car, or on a new car. Or saving 6% on your next loan. What if your interest rate on your credit cards was 10% **less**...would it be worth \$500 or \$600 then? Of course it would.
- We always have to laugh at that though.
- Because here's where you get an advantage over everyone else. This is strictly for our Internet customers (YOU) though. Because of how the Internet cuts so many of our costs, you won't have to pay our normal reduced price of \$349 to have your credit repaired. We've made this service affordable for almost anyone.
- There's just a one-time setup fee of only \$19, and thanks to the savings from the Internet, we'll repair your credit, guaranteed, for just 3 easy payments of \$75. That's nothing compared to the money and headaches you'll save.



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- Tips to Avoid being scammed:
 - know who you are dealing with
 - don't enter contests on-line
 - be skeptical of too-good-to-be-true claims
 - use a credit card
 - beware of miracle cures or claims of programs to make easy money
 - be leery of chat room discussions



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- Internet Auctions
 - top Internet complaint category
 - pay money, product never comes
 - the earless beanie baby
 - Iowa AG has acted against lowans who have defrauded others



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- Tips to avoid fraud in Internet auctions
 - use an escrow service or pay by COD
 - verify the seller's ID, address & phone
 - ask about return policies and arrangements for follow-up service
 - if at all possible, pay by credit card



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- Bogus comments in discussion groups
 - disguised advertisements
 - “Did you hear about the great new printer from Acme Corp.?”



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- Look for security features
 - closed padlock or unbroken key -- make sure of encryption before disclosing private information
 - read security policy
 - read privacy statement, ask that data about you not be shared



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- What to do if you have been scammed
 - challenge the charge when it appears
 - if the seller is legit, e-mail a complaint
 - if you can't resolve it yourself, report it



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Spam, it's not just for breakfast anymore!

Delete or forward to FTC at
spam@uce.gov



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- CAN-SPAM ACT
- **It bans false or misleading header information.** Email's "From," "To," and routing information – including the originating domain name and email address – must be accurate and identify the person who initiated the email.
- **It prohibits deceptive subject lines.** The subject line cannot mislead the recipient about the contents or subject matter of the message.
- **It requires that emails give recipients an opt-out method.** Senders must provide a return email address or another Internet-based response mechanism that allows a recipient to ask that future email messages not be sent to that email address, requests must be honored. A "menu" of choices may be created to allow a recipient to opt out of certain types of messages, but the option to end any commercial messages from the sender must be included.
- **It requires that commercial email be identified as an advertisement and include the sender's valid physical postal address.**



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- CANSPAM ACT – Civil Penalties
- Each violation of the above provisions is subject to fines of up to \$11,000. Deceptive commercial email also is subject to laws banning false or misleading advertising.
- Additional fines are provided for commercial emailers who not only violate the rules described above, but also:
 - "harvest" email addresses from Web sites or Web services that have published a notice prohibiting the transfer of email addresses for the purpose of sending email
 - generate email addresses using a "dictionary attack" – combining names, letters, or numbers into multiple permutations
 - use scripts or other automated ways to register for multiple email or user accounts to send commercial email
 - relay emails through a computer or network without permission – for example, by taking advantage of open relays or open proxies without authorization.



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- CANSPAM ACT – Criminal Penalties
- The law allows the DOJ to seek criminal penalties, including imprisonment, for commercial emailers who do – or conspire to:
 - use another computer without authorization and send commercial email from or through it
 - use a computer to relay or retransmit multiple commercial email messages to deceive or mislead recipients or an Internet access service about the origin of the message
 - falsify header information in multiple email messages and initiate the transmission of such messages
 - register for multiple email accounts or domain names using information that falsifies the identity of the actual registrant
 - falsely represent themselves as owners of multiple Internet Protocol addresses that are used to send commercial email messages.



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- Let's Go Phishing
- Phishing is a high-tech scam that uses spam or pop-up messages to deceive you into disclosing your credit card numbers, bank account information, Social Security number, passwords, or other sensitive information.
- Now commonly carrying viruses – don't open them!



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----- Original Message -----

From: [Union Planters Bank](#)

To:

Sent: Friday, March 11, 2005 9:47 AM

Subject: Customer Alerting Service: limited



Customer,

In accordance with Union Planters Bank, Member FDIC's Consumer Agreement and to guarantee that your online account has not been compromised, internet access to checking your account was limited. Your account access will remain limited until this issue has been decided. Online Service are remind you that on 11, Mar. 2005 our Online Review Team identified some uncommon activity in your Debit Card account. Banking Support recommend you to sign on and perform the steps necessary to give back your account access immediately. If your online access to stay blocked for an extended period of time may result in further limitations on the use of your bank account and possible account closure.

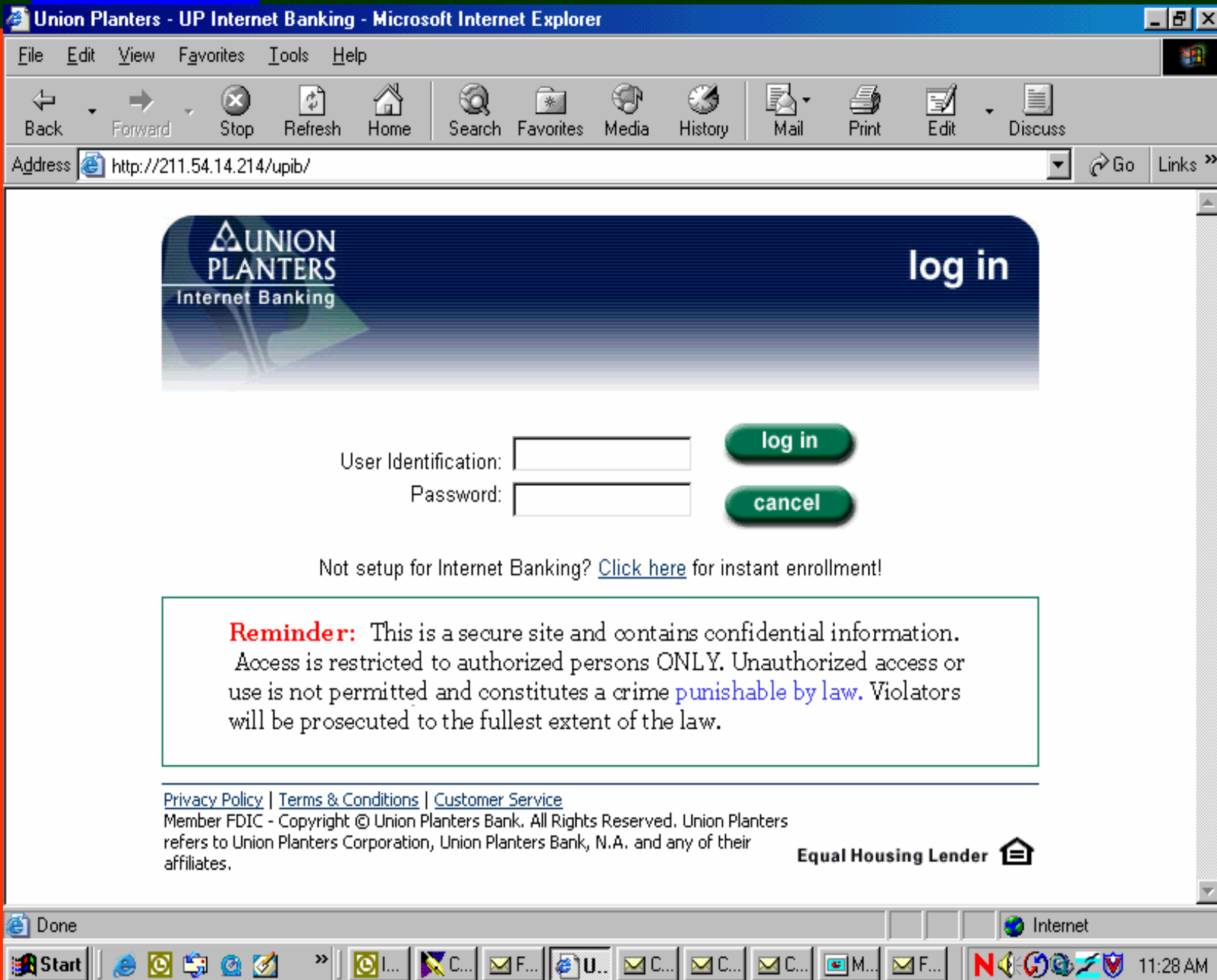
[Login to Online Account](#)

Union Planters Bank, NA, is committed to maintaining a secure environment for our account customers. To protect the safety of your account, employs some of the most leading online security systems in the world and our anti-fraud teams hourly screen the Online Bank system for fraud activity.

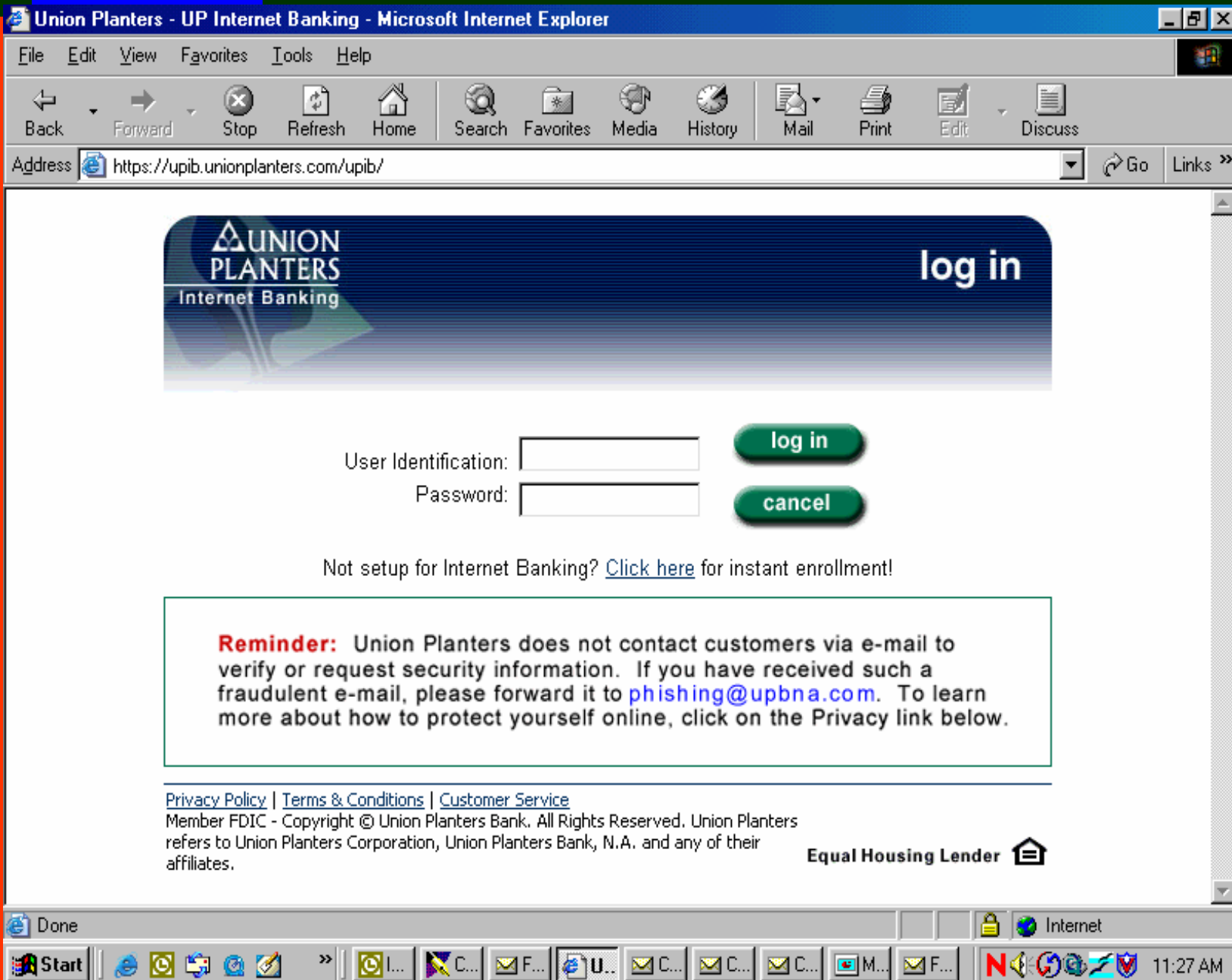
Thank you for your attention to this question. We apologize for any inconvenience. Please understand that this is a safety measure meant to help protect you and your account.

Good luck,

Union Planters Bank, Member FDIC, Banking Service



4/27/2005



4/27/2005

Children's Online Privacy Protection Act

- Commercial sites that collect personal information from kids under 13 must first get parental permission
- About 90% of kids sites collect personal data such as name, age and address and many sell the data
- Tuff Customer



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Regulated industries on-line

- Selling controlled products such as cigarettes, alcohol, prescription drugs
- Selling services of licensed professionals
- Selling big ticket items - cars, home mortgages, etc.



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New Twists on Old Themes – Tsunami Charity Scam

- Most Humble Request
- Since you being a global corporation, and one of the best corporate citizens in this world, your products, services, and profits are touched by numerous people in this world, either in this country or out of this country.
- I am sure, Many of your customers, employees, and others visiting your websites really want to help these millions of people affected. Is it possible for [company name] to slightly modify it's Websites Homepage (takes less than 3 hours for one engineer), place an appeal to visitors, like Together Lets Save Lives of Tsunami Disaster or anything similar slogan and direct the visitors to go to reputed charity organizations helping with tsunami relief operations May be for 5 to 10 weeks?



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New Twists on Old Themes – New Phishing-type Scheme

- Online auction house eBay has confirmed reports that some of its users have been hit by spam e-mails that may be able to gain their account details. eBay said the problem was industry-wide, and that its sites were as secure as possible.
- The scam targets eBay users with infected spam or mail-shot e-mails.
- If the e-mails are opened, they can record what keys the user types and send the details back to the criminals behind the spam mail shots.



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Old Faithful

- FROM MARIAM BAMBA
- ABIDJAN,COTE D'IVOIRE
- Dearest one,
- I am MISS MARIAM BAMBA, the only Daughter of late chief JUDE BAMBA from Sierra Leone.
- My sources of your contact gave me the courage and confidence to rely on you. I am writing you in absolute confidence primarily to seek your assistance to transfer our cash of Eighteen million eight hundred thousand dollars (\$18,800,000) now in the custody of a SECURITY COMPANY here in Abidjan to your private account pending our arrival to your country.



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Personal Jurisdiction and the Internet

- *Zippo* Test
- at one end of the spectrum, are passive sites that do no more than post information the world can see and, at the other end, are sites of businesses that conduct business over the Internet and enter into contracts with residents of a foreign jurisdiction that involve the knowing and repeated transmission of computer files over the Internet. The exercise of jurisdiction is determined by examining the level of interactivity and commercial nature of the exchange of information that occurs on the web site



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- Turning the tables on e-crime with e-tools
 - law enforcement chat rooms
 - web site to educate consumers
 - take complaints via e-mail and web
 - e-mail warning system for office scams
 - makes legal research and getting other information much easier



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